

TARIFF ACTION MEMO

Date: February 24, 2022

Date Filed: January 28, 2022

Statutory End Date: March 14, 2022

File No: TA17-756

Name of Utility: BlueArctic Waste Solutions, LLC

Subject: Residential Disposal Surcharge

Recommendations:

Staff recommends that the Commission:

1. Approve BlueArctic Waste Solution, LLC's request to shorten the statutory review period based on a finding that good cause exists to justify an early effective date.
2. Waive the publication notice for TA17-756.
3. Approve Tariff Sheet No. 82, filed January 28, 2022, by BlueArctic Waste Solutions, LLC with TA17-756, as shown on the attached side-by-side tariff sheet (Appendix-1). The effective date of the tariff sheet should be March 1, 2022.

Prepared by: Keiba Kimp Title: Utility Tariff Analyst
Keiba Kimp

Commissioner decision re this recommendation:

	Date (if different from 2/24/22)	<u>I CONCUR</u>	<u>I DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT*</u>
Pickett		<u>RMP</u>		
Kurber		<u>KKT</u>		
Scott		<u>AGS</u> AGS		
Sullivan		<u>AL</u> DS		
Wilson		<u>JWW</u> JWW		

Instructions to Staff: _____

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

TO: Commissioners:

DATE: February 24, 2022

Robert M. Pickett, Chairman

Keith Kurber II

Statutory End Date: March 14, 2022

Antony Scott

Daniel A. Sullivan

Requested Effective Date: March 1, 2022

Janis W. Wilson

FROM: Keiba Kimp, Utility Tariff Analyst

Subject: TA17-756

Residential Disposal Surcharge

Recommendations

Staff recommends that the Commission:

1. Approve BlueArctic's request to shorten the statutory review period based on a finding that the company has demonstrated good cause exists to justify an early effective date.
2. Waive the publication notice for TA17-756.
3. Approve Tariff Sheet No. 82, filed January 28, 2022, by BlueArctic with TA17-756, as shown on the attached side-by-side tariff sheet (Appendix-1). The effective date of the tariff sheet should be March 1, 2022.

Background

On February 12, 2019, BlueArctic filed TA10-756, seeking to implement a 5% residential disposal surcharge as a result of an increase to landfill fees. On March 29, 2019, the Commission issued Order No. U-19-017(1), suspending TA10-756 and approving the disposal surcharge on an interim and refundable basis on the condition that BlueArctic file a revenue requirement study and cost allocation manual. On July 2, 2019, BlueArctic filed TA11-756, a revenue requirement study and a cost allocation manual. On September 18, 2019, the Commission issued Order No. U-16-087(5) accepting the revenue requirement and cost allocation manual as compliance filings in Docket No. U-16-087. On December 17, 2019, the Commission issued Order No. U-19-017(2) vacating suspension of TA10-756 and approving the disposal surcharge on a permanent basis.

Filing

BlueArctic now submits TA17-756, seeking to update its Residential Disposal Surcharge for the period beginning January 1, 2022. With TA17-756, BlueArctic has requested an early effective date of March 1, 2022.

Analysis

Review Period - Early Effective Date

The statutory review period for tariff revisions is established by AS 42.05.411(a), which provides that a public utility may not place into effect new or revised tariff provisions

except after 45 days' notice to the Commission and 30 days' notice to the public.¹ That statute also provides that the Commission may, for good cause shown, allow changes to take effect on less than 45 days' notice to the Commission. 3 AAC 48.300 recognizes the Commission's discretion to allow a tariff filing to take effect before the end of the 45-day statutory notice period, requiring the utility to include the request in its tariff advice letter and imposing the burden of showing good cause on the filing utility.²

BlueArctic requests that this tariff filing be approved effective March 1, 2022, which would allow for 30 days' notice to the public and the Commission. With this filing, BlueArctic is proposing to increase the residential disposal surcharge. It believes that good cause exists for an early effective date because the Municipality of Anchorage's disposal fees increased on January 1, 2022.³

BlueArctic states that it would be unable to file a general rate revision to address the increase in the disposal fee with an adequate notice period; however, it would be able to file a disposal surcharge change and allow for notice to be given.

BlueArctic states that the requested 17% disposal surcharge fee will be implemented two months after it has been paying the Municipality of Anchorage landfill disposal fee increase. In addition, BlueArctic intends the disposal surcharge as a pass-through charge of the cost of disposal that will decrease revenue proportionately. BlueArctic states that if the statutory notice period is not waived and the revised residential surcharge fee is not effective by March 1, 2022, BlueArctic will suffer additional irreparable financial harm.

Staff verified that the Municipality of Anchorage disposal fees became effective January 1, 2022. Staff notes that BlueArctic's residential disposal surcharge does not include a

¹AS 42.05.411(a) states:

A public utility may not establish or place in effect any new or revised rates, charges, rules, regulations, conditions of service or practices except after 45 days' notice to the commission and 30 days' notice to the public. Notice shall be given to the commission by filing with the commission and keeping open for public inspection the revised tariff provisions which shall plainly indicate the changes to be made in the schedules then in force and the time when the changes will go into effect. The commission shall prescribe means by regulation whereby notice is given to the public before or no later than 15 days after the filing that is reasonably adequate to notify customers affected by the filing. The commission, for good cause shown, may allow changes to take effect on less than 45 days' notice to the commission or 30 days' notice to the public under conditions the commission prescribes.

² 3 AAC 48.300 (*Waiver of Statutory Notice*) provides in pertinent part:

(a) When a utility or pipeline carrier includes in its advice letter a request for authorization for a tariff filing to take effect before the end of the statutory notice period, the burden of showing good cause for waiving statutory notice must be borne by the filing utility or pipeline carrier.

(b) In response to each request under (a) of this section, the commission will, in its discretion

(1) deny the request and require at least the statutory notice period to expire before allowing the filing to take effect;

(2) grant the request as of the effective date specified;

(3) allow the filing to take effect before the end of the statutory notice period but later than the date specified in the request; and

(4) pending a public hearing, suspend the operation of the tariff filing for a period not longer than that permitted under AS 42.05.421 or AS 42.06.400.

³ See TA17-756, at page 9.

balancing account. Staff also notes that should BlueArctic not be able to implement the updated residential disposal surcharge in time to allow for its billing for March services, the utility would not be able to recover the disposal costs because there is no mechanism through which it could do so. This may cause the utility financial harm.

Staff believes that good cause exists to waive the statutory notice period and allow an early effective date for TA17-756. Staff recommends the Commission grant BlueArctic's request and allow it to use an early effective date of March 1, 2022, for TA17-756.

Additional Publication Notice

In addition to waiving statutory notice, the Commission has the discretion to prescribe additional means by which a tariff filing must be noticed to the public, including newspaper publication. Staff notes that the utility did not request a waiver of the public notice in its tariff advice letter. However, Staff believes that 1) the information is already available on the Commission's website; 2) 3 AAC 48.280(3) provides that publication on the Commission's website as a means of additional public notice; and 3) any potential comments on the proposed changes would not impact the Commission's decision. Staff believes a public notice would result in unnecessary cost to the utility. Therefore, Staff recommends the Commission waive the newspaper publication for TA17-756.

Residential Disposal Surcharge Increase (Tariff Sheet 82)

With TA17-756, BlueArctic proposes to increase its disposal surcharge from 13.5% to 17%. The increase in the residential disposal surcharge is a result of the increase in the Municipality of Anchorage Regional Landfill's disposal fee from \$67.73 per ton to \$71.97 per ton and the Central Transfer Station's disposal fee from \$79.02 per ton to \$83.96 per ton.⁴ A calculation of the difference between the disposal fees included in BlueArctic's base rates (disposal rate prior to 2018) and the disposal fees effective January 1, 2022, are shown in the following table.

Disposal Site	2022 Rate	Rate prior to 2018	Increase (\$)	Increase (%)
Anchorage Regional Landfill	\$71.97	\$58.00	\$13.97	24.10%
Central Transfer Station	\$83.96	\$68.00	\$15.96	23.50%
Average				23.8%

Staff notes that BlueArctic's residential disposal surcharge does not include the use of a balancing account balance or estimated revenues to calculate the surcharge. BlueArctic's disposal surcharge uses the percentage change in the disposal fees as a basis for the disposal surcharge. Staff notes that BlueArctic does not pass the entire cost on to its customers. In addition, BlueArctic states that it relies on its revenue requirement study

⁴ See tariff advice letter for TA17-756, at page 4 and 5.

from TA11-756, which was accepted by the Commission on September 18, 2019, and the Municipality of Anchorage ordinance for cost support.⁵

Staff believes that the 17% disposal fee is reasonable because the Municipality's increase is greater than 17%. In addition, BlueArctic's revenue requirement does not include these increased costs as it used a 2018 test year.⁶ Staff notes that BlueArctic's proposed residential disposal surcharge is similar to Waste Connections of Alaska, Inc. d/b/a Alaska Waste, which increased 15.65% on January 1, 2022.⁷ Staff has reviewed all information filed in support of the proposed surcharge. Staff confirmed that the tariff sheet is correct. Therefore, Staff recommends the Commission approve Tariff Sheet No. 82.

CONCLUSION

With TA17-756, BlueArctic requests approval of its updated residential disposal surcharge. In addition, BlueArctic requests an early effective date of March 1, 2022. Staff has verified the proposed surcharge was calculated accurately, the proper support was filed, and the tariff sheet is correct. Staff recommends the Commission:

1. Approve BlueArctic's request to shorten the statutory review period based on a finding that the company has demonstrated good cause exists to justify an early effective date.
2. Waive the publication notice for TA17-756.
3. Approve Tariff Sheet No. 82, filed January 28, 2022, by BlueArctic with TA17-756. The effective date of the tariff sheet should be March 1, 2022.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Feb 24, 2022 11:25 AKST)

Email: keith.kurber@alaska.gov

Signature: 

Email: antony.scott@alaska.gov

Signature: 
Daniel Sullivan (Feb 24, 2022 14:18 AKST)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Feb 24, 2022 14:26 AKST)

Email: janis.wilson@alaska.gov

⁵ See tariff advice letter for TA13-756.

⁶ See TA11-756, filed July 2, 2019.

⁷ See TA141-692, November 15, 2021.

RCA No. 756 Seventh Revision Sheet No. 82
Cancelling
Sixth Revision Sheet No. 82

RECEIVED
JAN 20 2021

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

BlueArctic Waste Solutions, LLC

300.110 LANDFILL DISPOSAL SURCHARGE

Due to fluctuating Municipal landfill rates, Blue Arctic Waste Solutions has incorporated a landfill disposal surcharge for commercial and residential dumpsters.

Disposal fees will be added to the service invoice. Disposal fees can or will be imposed upon this utility and utility customers by disposal sites, recycle centers, processing facilities, government entities, and possibly unknown sources in the future. BlueArctic may add disposal fees to customer invoices, incorporate or impose disposal fees. Application of disposal fees will depend on the type of service being provided.

Commercial Dumpster Service:

Disposal fees vary. Factors used to determine fee include but may not be limited to: dumpster size, location, type of material, access, obstructions, and time of day or week.

Commercial Roll Cart Service:

The disposal fee is 13.5%.

Residential Roll Cart Service:

The disposal fee is 13.5%.

Tariff Advice No. TA15-756

Effective: March 30, 2021

Issued by: BlueArctic Waste Solutions, LLC

By: Jason McDonald Title: General Manager

RCA No. 756 Eighth Revision Sheet No. 82
Cancelling
Seventh Revision Sheet No. _____

INFORMATIONAL
FILING ONLY

RECEIVED 01/28/22

BlueArctic Waste Solutions, LLC

300.110 LANDFILL DISPOSAL SURCHARGE

Due to fluctuating Municipal landfill rates, Blue Arctic Waste Solutions has incorporated a landfill disposal surcharge for commercial and residential dumpsters.

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Commercial Dumpster Service:

Disposal fees vary. Factors used to determine fee include but may not be limited to: dumpster size, location, type of material, access, obstructions, and time of day or week.

Commercial Roll Cart Service:

The disposal fee is 17%.

Residential Roll Cart Service:

The disposal fee is 13.5%.

Tariff Advice No. TA16-756

Effective: March 1, 2022

Issued by: BlueArctic Waste Solutions, LLC

By: Jason McDonald Title: General Manager

RCA No. 756 Ninth Revision Sheet No. 82
Cancelling
Eighth Revision Sheet No. _____



BlueArctic Waste Solutions, LLC

300.110 LANDFILL DISPOSAL SURCHARGE

Due to fluctuating Municipal landfill rates, Blue Arctic Waste Solutions has incorporated a landfill disposal surcharge for commercial and residential dumpsters.

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Commercial Dumpster Service:

Disposal fees vary. Factors used to determine fee include but may not be limited to: dumpster size, location, type of material, access, obstructions, and time of day or week.

Commercial Roll Cart Service:

The disposal fee is 17%.

Residential Roll Cart Service:

The disposal fee is 17%.

Tariff Advice No. TA17-756

Effective: March 1, 2022

Issued by: BlueArctic Waste Solutions, LLC

By: Jason McDonald Title: General Manager